

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Behavioral Health	(2) MEETING DATE 7/8/2014	(3) CONTACT/PHONE Cindy Collins, ASM, 788-2932; Amy Olson, ASO II, 781-4729	
(4) SUBJECT Request to approve five (5) FY 2014-15 renewal contracts (Clerk's File) with five board and care facilities in the cumulative amount not to exceed \$2,419,770 to provide residential board and care, social support, and outpatient mental health services to adults with serious mental illness. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board approve and direct Chairperson to sign five (5) FY 2014-15 renewal contracts with Yuan Yuan He and Li Xia Zhang dba American Care Home and American Care Home II, Psynergy Programs, Inc., dba Nueva Vista and dba Cielo Vista, Front St., Inc., Davis Guest Home, Inc., and C and D's Guest Homes, Inc. in the cumulative amount not to exceed \$2,419,770 to provide residential board and care, social support, and outpatient mental health services to adults with serious mental illness.			
(6) FUNDING SOURCE(S) Medi-Cal, Realignment	(7) CURRENT YEAR FINANCIAL IMPACT \$2,419,770.00	(8) ANNUAL FINANCIAL IMPACT \$2,419,770.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____ ) <input type="checkbox"/> Board Business (Time Est. ____ )			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR)  19001422		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A    Date: <u>6-4-13, 6-18-13, 11-5-13</u>	
(17) ADMINISTRATIVE OFFICE REVIEW  Reviewed by Leslie Brown			
(18) SUPERVISOR DISTRICT(S) All Districts			

# County of San Luis Obispo



TO: Board of Supervisors

FROM: Jeff Hamm, Health Agency Director  
Anne Robin, MFT, Behavioral Health Administrator

DATE: 7/8/2014

SUBJECT: Request to approve five (5) FY 2014-15 renewal contracts (Clerk's File) with five board and care facilities in the cumulative amount not to exceed \$2,419,770 to provide residential board and care, social support, and outpatient mental health services to adults with serious mental illness. All Districts.

## **RECOMMENDATION**

It is recommended that the Board approve and direct Chairperson to sign five (5) FY 2014-15 renewal contracts with Yuan Yuan He and Li Xia Zhang dba American Care Home and American Care Home II, Psynergy Programs, Inc., dba Nueva Vista and dba Cielo Vista, Front St., Inc., Davis Guest Home, Inc., and C and D's Guest Homes, Inc. in the cumulative amount not to exceed \$2,419,770 to provide residential board and care, social support, and outpatient mental health services to adults with serious mental illness.

## **DISCUSSION**

The Health Agency's Behavioral Health Department contracts with various residential placement providers within a wide range of adult residential services, providing the appropriate level of care to seriously mentally ill individuals in need of residential placement. Board and care facilities offer varying levels of residential care in a non-locked facility, as opposed to State hospitals, acute care hospitals, and Institutions for Mental Disease (IMD) which are locked residential facilities providing the most intensive levels of care.

Most clients placed in board and care facilities may be stepping down from a higher level of care (IMD) to a lower level of care (board and care facility), or have not succeeded in outpatient settings, and oftentimes have been placed in residential settings under conservatorship by the courts. The board and care facilities provide an alternative for clients ready to transition to a slightly lower level of care than that provided in an IMD, but not yet ready for more independent living situations. Residential services are designed to enhance basic living skills, improve social functioning, and allow for training opportunities within the community. Mental health support groups are provided at some facilities to help clients gain insight into their illness, assist them in symptom management, and encourage peer support activities. As clients demonstrate stability in the board and care setting, the county residential case manager evaluates transferring clients to more independent living arrangements within San Luis Obispo county, or stepping down services as appropriate, and board and care facilities provide the assistance and structure necessary for each client to be successful in a less restrictive setting and reintegrate back into the community. Although the desired outcome is to move clients to the least restrictive level in which they can be successful, a certain percentage of the population with severe mental illness will, at any given time, need the level of treatment offered in a board and care setting.

The Behavioral Health Department makes great efforts to choose residential provider services that most appropriately meet the current diagnosis and treatment needs of the individual client. Although the Department uses these objectives to track performance, Behavioral Health realizes that fluctuations in a client's behavioral health condition and/or response to medications do occur, and that movement of clients to higher level placement will be appropriate in some cases and that this does not necessarily reflect any negative performance on the part of the service provider. Therefore, the Behavioral Health Department wishes to renew five contracts: Yuan Yuan He and Li Xia Zhang dba American Care Home and American Care Home II, Psynergy Programs, Inc., dba Nueva Vista and dba Cielo Vista, Front St., Inc., Davis Guest Home, Inc., and C and D's Guest Homes, Inc. The contract providers are licensed by the State Department of Health Services as board and care facilities. Due to the lack of available board and care facilities in San Luis Obispo County,

Behavioral Health utilizes the aforementioned contractors depending on bed availability.

#### **OTHER AGENCY INVOLVEMENT/IMPACT**

County Counsel has reviewed and approved the contracts as to form and legal effect.

#### **FINANCIAL CONSIDERATIONS**

The FY 2014-15 Behavioral Health Department Approved budget includes \$2,419,770 for board and care services, which assumes an average of 82 clients for a total of 29,930 days. This represents a 4.1% decrease, or \$103,505, in the amount of board and care services budgeted in FY 2014-15 (\$2,419,770) compared to \$2,523,275 budgeted for FY 2013-14, which assumed 88 clients for a total of 32,120 days at an average rate of \$105.30 per day. FY 2013-14 began with 80 clients in board and care facilities, however, this figure increased during early spring to a high of 89 clients in March and dropped to 84 clients during May. When the FY 2014-15 budget was developed in December of 2013, there were 84 clients placed in board and care facilities. It is anticipated the FY 2014-15 budget for board and care facilities will be sufficient given current client status and anticipated fluctuations in client census.

The contracted rates for FY 2014-15 vary from \$27 to \$325 per day. The average daily rate for FY 2014-15 is \$107.20 but the average daily rate for FY 2013-14 was \$105.30; FY 14-15 rates are an average of \$1.90, or 2.2%, higher than FY 2013-14 daily rates. The rate increases are due to increases in insurance, additional staffing requirements, and increased food and transportation costs for each facility. Some facilities have not had an increase in several years. Below are contracted rates dating back to FY 2011-12, including any rate increases for FY 2014-15.

Facility	FY 2011-2012	FY 2012-2013	FY 2013-2014	FY 2014-2015	FY 14-15 Rate increase over FY 13-14	
	Rate	Rate	Rate	Rate	Increase \$	Increase %
Davis Guest Home	\$75.00	\$75.00	\$80.00	\$85.00	\$5.00	6.3%
Davis Guest Home Augmented	\$123.00	\$123.00	\$123.00	\$123.00	\$0.00	0.0%
American Care Home I	\$26.00	\$26.65	\$26.65	\$27.00	\$0.35	1.3%
American Care Home II	\$70.00	\$70.00	\$71.00	\$71.00	\$0.00	0.0%
C&D's	\$100.00	\$100.00	\$100.00	\$100.00	\$0.00	0.0%
C&D's Augmented	\$325.00	\$325.00	\$325.00	\$325.00	\$0.00	0.0%
Front St. (Drake)	\$0.00	\$112.00	\$112.00	\$114.24	\$2.24	2.0%
Front St. (Opal)	\$0.00	\$106.00	\$106.00	\$108.12	\$2.12	2.0%
Psynergy Cielo Vista	\$45.00	\$45.00	\$50.00	\$50.00	\$0.00	0.0%
Psynergy Nueva Vista	\$60.00	\$60.00	\$60.00	\$64.00	\$4.00	6.7%
Psynergy Nueva Vista	\$90.00	\$90.00	\$90.00	\$94.00	\$4.00	4.4%
Psynergy Nueva Vista	\$120.00	\$120.00	\$120.00	\$125.00	\$5.00	4.2%
<b>Average</b>	<b>\$103.40</b>	<b>\$104.39</b>	<b>\$105.30</b>	<b>\$107.20</b>	<b>\$1.90</b>	<b>2.2%</b>

The actual annual costs for board and care services vary depending on bed availability in each facility, the level of care and program needs for the clients, and the number clients needing residential placement. Each contract stipulates a maximum amount of \$2,419,770, but it is clear in each of the board and care contracts that the County only pays for actual bed days used. Setting each contract at the maximum amount allows the flexibility to move clients within each facility and add clients without amending their contract based on initial estimates. However, the total amount spent for all five contracts is expected to be within the \$2,419,770 budget.

Actual board and care days and costs dating back to FY 2010-11 for each facility are presented in the table below.

Facility	FY 2010-11 Actual		FY 2011-12 Actual		FY 2012-13 Actual		FY 2013-14 Estimate		FY 2014-15 Budget	
	Avg. Clients	Cost	Avg. Clients	Cost	Avg. Clients	Cost	Avg. Clients	Cost	Avg. Clients	Cost
Davis Guest Home	1	\$27,375	3	\$68,325	7	\$202,260	11	\$324,993	7	\$357,408
American Care Home	41	\$570,190	41	\$590,617	40	\$568,437	41	\$595,409	41	\$586,694

C&D's Guest Home	0	\$0	1	\$33,608	2	\$62,164	3	\$90,985	2	\$86,573
Front St.	0	\$0	0	\$0	0	\$0	1	\$39,088	1	\$41,698
Psynergy	28	\$1,220,977	31	\$1,273,630	28	\$1,209,831	27	\$1,249,212	31	\$1,347,397
<b>Total</b>	<b>70</b>	<b>\$1,818,542</b>	<b>76</b>	<b>\$1,966,180</b>	<b>77</b>	<b>\$2,042,692</b>	<b>83</b>	<b>\$2,299,687</b>	<b>82</b>	<b>\$2,419,770</b>

Because board and care costs represent a substantial portion of the amount budgeted for all adult residential placements, Mental Health's Adult Placement Committee monitors all board and care placements closely to assure that they are appropriate and medically necessary. The committee was formed to monitor placements, identify barriers, and seek system improvements. Members of the committee include the following stakeholders: an intensive case manager, who also serves as liaison to the IMDs, board and care facilities, and community housing; the owner of both American Care Homes; representatives from the Public Guardian's Office, Behavioral Health's Fiscal division, and Transitions – Mental Health Association; Behavioral Health's Division Manager for Adult Services; and the social worker from the Psychiatric Health Facility. The Adult Placement Committee assists the Department in determining the best balance between cost efficiency and the appropriate placements for the effective treatment of its clients.

## **RESULTS**

During FY 2013-14 there has been consistent use of board and care facilities, with several clients being transferred between board and care facilities. While 82 clients were budgeted for 2013-14, the year started off with 80 clients placed in board and care facilities, and at one point during the year as many as 89 clients were placed in board and care facilities at the same time. However, by May 2014 this number was reduced to 84 by moving clients to lower levels of care or more appropriate levels of service.

The Behavioral Health Department accepts responsibility for managing placements in the most cost effective manner, while providing the most appropriate treatment option for the individual client. In spite of efforts to find viable alternatives to IMD placements, there will continue to be a core group of individuals with severe mental illness who are in need of IMD services. Appropriate placements help Behavioral Health reach its mission to serve clients in the least restrictive setting possible and to advance the goal of assisting individuals with severe mental illness to be as functional and productive as possible in the least costly environments. Providing the most appropriate services to these clients increases their probability of positive treatment outcomes. Furthermore, positive treatment outcomes contribute to the wider County vision of a healthy and safe community.

## **ATTACHMENTS**

1. Clerk's Filed Coversheet FY 2014-15 Board & Care contract renewals